

United States District Court
for the
Western District of New York

United States of America)

v.)

ADAM C. MCFADDEN)
and GEORGE MOSES)

Case No. 19-MJ- 4029

Defendants

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

Between on or about the date of October 2014 through December 2015 in the county of Monroe in the Western District of New York, the defendant violated 18 U.S.C. §§ 1343, 1349, 1957, and 1956(h), offenses described as follows:

the defendants did knowingly commit wire fraud, conspiracy to commit wire fraud, money laundering, and conspiracy to commit money laundering by causing the Rochester Housing Charities to enter into a contract with Capital Connection Partners, knowing that services would not be performed under the contract, and knowing that most of the money from the contract would be diverted to the defendant Adam McFadden. Some of the money was diverted by a monetary transaction involving the wiring of funds to and from bank accounts.

This criminal complaint is based on these facts:

X Continued on the attached sheet.

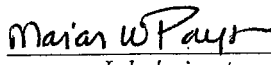
Please see attached affidavit


Complainant's Signature

Daniel A. Ciavarri, S/A FBI
Printed name and title

Sworn to before me and signed in my presence.

Date: 2/22/19


Judge's signature

City and State: Rochester, New York

Hon. Marian W. Payson, U.S. Magistrate Judge
Printed name and title

19-mg-4029

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

State of New York)
County of Monroe) ss:
City of Rochester)

I, DANIEL A. CIAVARRI, being duly sworn, depose and say:

INTRODUCTION

1. I am a Special Agent of the Federal Bureau of Investigation (FBI) and have been so employed for over 7 years. I have been trained to investigate, and have participated in investigations of, a wide range of federal criminal violations, including fraud and public corruption. I am empowered by law to conduct investigations of, and make arrests for, offenses against the United States.

2. This affidavit is made in support of a criminal complaint charging ADAM C. MCFADDEN and GEORGE H. MOSES with violating Title 18, United States Code, Section 1343 (wire fraud), Section 1349 (conspiracy to commit wire fraud), Section 1957 (money laundering), and Section 1956(h) (conspiracy to commit money laundering).

3. The factual information supplied in this affidavit is based on my own investigation in this case, including witness interviews and reviews of records, my experience and background as an FBI Special Agent, and information provided by other law enforcement officers engaged in the investigation. Because I am submitting this affidavit for the limited purpose of securing a criminal complaint, I have not set forth each and every known fact known to me relating to this investigation. Rather, I have set forth only those facts that I believe are necessary to establish probable cause to believe that ADAM C. MCFADDEN and

GEORGE H. MOSES did knowingly violate Title 18, United States Code, Sections 1343, 1349 and 1957.

BACKGROUND

Defendants

4. ADAM C. MCFADDEN resides in Rochester, New York. He is an elected City Councilmember representing the south district of the City of Rochester. From on or about October 14, 2014, to on or about December 20, 2014, MCFADDEN was the Interim Executive Director of the Rochester Housing Authority.

5. On or about January 23, 2015, MCFADDEN incorporated Caesar Development LLC as a limited liability company.

6. GEORGE H. MOSES resides in Rochester, New York and until recently was the Chairman of the Board of Commissioners of the Rochester Housing Authority and a member of the board of directors of the Rochester Housing Charities. MOSES was the chairperson of the Rochester Housing Charities board from in or about March 2015 to the fall of 2015.

Rochester Housing Authority and Rochester Housing Charities

7. The Rochester Housing Authority ("RHA") is located in Rochester, New York and provides housing opportunities and services for the Rochester community. The RHA oversees approximately 2,500 public-housing units, millions of dollars and subsidies for tens of thousands of people. The RHA has an annual contract with the United States Department of Housing and Urban Development from which it receives millions of dollars.

8. The Rochester Housing Charities ("RHC") is located in Rochester, New York. On or about March 26, 2012, the RHA formed and created the RHC to assist in advancing the purposes of the RHA. On or about February 12, 2014, the Internal Revenue Service granted RHC tax exempt status as a not-for-profit entity. Prior to on or about March 25, 2015, the RHC had effectively been a dormant company with no funds or assets since its inception.

Washington, DC Company - Capital Connections Partners LLC

9. In 2013, four individuals who reside in Washington, D.C., formed Capital Connection Partners LLC ("CCP") in Washington, D.C. as a limited liability company. Its alleged mission was to provide premier business and consulting services to government entities and organizations wishing to conduct business involving Washington, D.C. and the Federal government. CCP is now defunct and its only client was the RHC. Other than the four founding members, CCP had no other employees. L.R. was one of the founding members.

Contracts

10. On or about July 7, 2015, the RHC entered into a one year \$87,500.00 contract with CCP ("the RHC/CCP Contract"), which provided that CCP would perform various services for the RHC, including (a) advocating at the local, state and federal level of government for policy and legislation, reviewing best practices, and issuing presentations to elected officials, and (b) finding self sufficient resources to include creating entrepreneurial opportunities and workforce development, developing revenue streams for residents, and

applying for federal home loan bank grants. The contract did not provide that CCP would be performing services for the RHA.

11. On or about July 8, 2015, MCFADDEN, on behalf of his company, Caesar Development LLC, executed a contract with CCP entitled the Pass Through Funding and Services Agreement (the "McFadden Pass-Through Agreement"), which provided that CCP would pass through 75% of the funds it received from the RHC to Caesar Development LLC.

OVERVIEW OF THE SCHEME & CONSPIRACY

12. The defendants caused the RHC to enter into the RHC/CCP Contract knowing that CCP and MCFADDEN would not be providing the majority of the services required under the terms of the RHC/CCP Contract. The defendants also concealed that CCP would be diverting most of the funds received from the RHC/CCP Contract to MCFADDEN.

CONSPIRACY TO COMMIT WIRE FRAUD

13. On or about October 14, 2014, MOSES led a vote of the RHA Board of Commissioners to appoint MCFADDEN the Interim Executive Director of the RHA.

14. On or about December 20, 2014, MCFADDEN resigned as the Interim Executive Director of the RHA due to a conflict of interest regarding his position as a Rochester City Councilmember.

15. On or about January 8, 2015, and January 9, 2015, MCFADDEN, despite no longer being affiliated with the RHA and the RHC, called L.R. to discuss the RHC's hiring

of CCP to provide various services for the RHC. MCFADDEN also advised L.R. that he would provide most of the services required by the RHC as a subcontractor and that he wanted CCP to act merely as a pass through, meaning that he wanted CCP to pay (pass through) to him most of the funds CCP received from any future contract with the RHC

16. Also on or about January 12, 2015, MCFADDEN emailed CCP a fraudulent document that he prepared but made it appear that it was from the RHC. The document falsely stated that due to "politics" the RHC could not hire MCFADDEN directly and wanted to hire CCP so that CCP could subcontract the work to MCFADDEN.

17. On or about January 23, 2015, MCFADDEN incorporated Caesar Development LLC to act as the subcontractor for CCP and to conceal the funds he would be receiving from the RHC through CCP.

18. From in or about October 2014, to on or about March 24, 2015, the defendants had numerous telephone calls.

19. From in or about January 12, 2015, to on about March 25, 2015, MCFADDEN and L.R. had several interstate telephone calls during which they discussed the RHC's hiring of CCP to act as a pass-through for Caesar Development LLC.

20. On or about March 25, 2015, MOSES, as chairperson of the RHA Board of Commissioners, caused the RHA Board of Commissioners (a) to appoint him and J.P. as two of the three new board members of the RHC, and (b) to fund the RHC by having the RHA loan the RHC \$300,000.00.

21. On or about March 25, 2015, the defendants had several telephone calls.

22. On or before April 9, 2015, MCFADDEN created a fraudulent Request for Qualifications that stated that the RHC was looking to enter into a contract with a consulting firm. MCFADDEN then only provided the fraudulent Request for Qualifications to CCP to deceive CCP into believing that the RHC was seeking legitimate bids for a consulting contract.

23. On or about May 11, 2015, the defendants had several telephone calls.

24. On or about May 12, 2015, MOSES and the other two RHC board members conducted a board meeting during which they approved the RHC's hiring of CCP despite that the RHC had not received any bids from any companies, including from CCP. MOSES falsely represented to the other two board members that the RHC had in fact received three bids and that CCP had provided the lowest bid. No member of the board recorded minutes of the board meeting.

25. Later on or about May 12, 2015, MCFADDEN advised CCP during a telephone call that the RHC had approved the hiring of CCP.

26. On or about May 15, 2015, MCFADDEN emailed to a RHC board member links to information regarding CCP.

27. Later on or about May 15, 2015, MCFADDEN emailed CCP drafts of the RHC/CCP Contract and the McFadden Pass-Through Agreement.

28. On or about May 28, 2015, MCFADDEN emailed MOSES drafts of the RHC/CCP Contract and the McFadden Pass-Through Agreement.

29. Later on or about May 28, 2015, after receiving the drafts of the contracts from MCFADDEN earlier in the day, MOSES called MCFADDEN.

30. On or before June 19, 2015, MCFADDEN created fraudulent minutes of the RHC board meeting held on May 12, 2015. The minutes falsely stated, among other things, that the RHC had contacted three vendors by telephone; a Request for Qualifications was sent to the three vendors; the three vendors provided bid proposals containing amounts; and that the RHC selected CCP as the winning bidder.

31. On or about June 19, 2015, MCFADDEN emailed the fraudulent RHC board minutes to MOSES and J.P.

32. On or about June 29, 2015, several days before the execution of the RHC/CCP Contract, MCFADDEN, on behalf of CCP, submitted an invoice to the RHC for \$43,750.00, which represented the first installment payment under the terms of the RHC/CCP Contract.

33. On or about July 7, 2015, J.P., on behalf of the RHC, executed the RHC/CCP Contract.

34. On or about July 8, 2015, MCFADDEN executed the McFadden Pass-Through Agreement.

35. On or about July 22, 2015, MOSES, knowing that the RHC board minutes were fraudulent, along with J.P., provided the minutes to the other RHA Board of Commissioners to deceive them into believing that the RHC had selected CCP after receiving and reviewing three formal bids. MOSES also failed to advise the other Board of Commissioners of the existence of the McFadden Pass-Through Contract and that CCP would be paying (passing through) most of the funds it would be receiving from the RHC to MCFADDEN.

36. On or about August 3, 2015, MOSES caused the RHA, on behalf of the RHC, to wire transfer \$43,750.00 from Rochester, New York to CCP in Washington, D.C., which represented the first installment payment under the terms of the RHC/CCP Contract.

37. On or about August 8, 2015, CCP paid \$32,812.50 to Caesar Development LLC in Rochester, which represented seventy-five percent (75%) of the funds CCP received under the terms of the RHC/CCP Contract (\$43,750.00)

38. On or about September 30, 2015, MCFADDEN in an email to CCP falsely advised CCP that he was trying to "arrange sale of the cell phone tower" on behalf of the RHA. In actuality, various companies had been attempting to purchase the cell tower leases owned by RHA for several years without any assistance from MCFADDEN.

39. On or about December 11, 2015, MCFADDEN emailed CCP an invoice for CCP to submit to the RHC for the remaining balance of \$43,750.00 due under the terms of the RHC/CCP Contract.

40. On or about December 15, 2015, MCFADDEN emailed CCP a fraudulent letter he prepared that was addressed to the Finance Director at the RHA and purportedly from the RHC board chairperson. The letter requested that the Finance Director authorize the payment by the RHC of \$43,750.00 to CCP. The fraudulent letter falsely stated that CCP performed the required services under the RHC/CCP Contract and that CCP "exceeded the RHC's expectation by delivering a cell tower lease buy-out opportunity for the RHA and the RHC in the amount of \$1,900,000".

41. Later on or about December 15, 2015, CCP emailed to the RHC chairperson the fraudulent letter created by MCFADDEN for her to sign and submit to the Finance Director.

42. On or about December 16, 2105, the RHC board chairperson emailed the Finance Director at the RHA the signed fraudulent letter requesting that the Finance Director authorize the payment of \$43,750.00 by the RHC to CCP.

43. On or about December 16, 2015, MOSES voted to authorize the second payment of \$43,750.00 by the RHC to CCP despite knowing that CCP and MCFADDEN had not provided the majority of the services required under the RHC/CCP Contract.

44. On or about December 18, 2015, because the Finance Director was refusing to authorize the final payment to CCP until CCP submitted a more detailed invoice regarding, the services it performed under the RHC/CCP Contract, MCFADDEN prepared and emailed to CCP fraudulent inserts to be placed on a revised CCP invoice to the RHC. The inserts falsely alleged various services that CCP had purportedly performed under the RHC/CCP Contract, including the following:

- a. Multiple grants prepared and submitted for local funding;
- b. Research Laundry business development;
- b. Research summer and after-school program development for school aged children;
- c. Provided administrative support to Rochester Housing Charities for nine months;
- d. Cell Tower Lease Buyout Review;
- e. Cell Tower lease buyout potential buyers research;

f. Partnership created with The Roberts Companies to manage cell lease buyout negotiations; and

g. \$1.9 Million Dollar cell tower leaves buyout offer delivered to Rochester Housing Charities.

45. CCP and MCFADDEN provided little, if any, of the services that were set forth in the fraudulent CCP invoice sent to the RHC.

46. With respect to the buyout of the cell tower leases owned by the RHA, a potential buyer did provide a letter of intent to purchase the leases. However, such interest from the buyer did not result directly from any services provided by CCP and/or MCFADDEN. Further, the owner of The Roberts Companies, who was acting as the broker for the potential buyer, advised that he believed that MCFADDEN's interest in the sale by the RHA of the cell tower leases was due to his position as a city councilmember. MCFADDEN never advised The Roberts Companies that he was providing services for the RHA under his contract with CCP. Further, the McFadden Pass-Through Contract was in connection with CCP's contract with the RHC, and had nothing to do with the RHA. The owner of The Roberts Companies also advised that MCFADDEN requested a \$10,000.00 kickback for his limited role, if any, in the potential buyout of the RHA's cell tower leases.

47. On or about December 18, 2015, after receiving the fraudulent inserts, CCP placed the inserts in an amended invoice that it then emailed to the RHC requesting payment of \$43,750.00.

48. On or about December 22, 2015, the defendants had a telephone call for approximately thirty-seven minutes.

49. On or about December 23, 2015, MCFADDEN sent by email to MOSES and the other RHC board members amended monthly activity reports for CCP that fraudulently alleged numerous services performed by CCP under the RHC/CCP Contract. The fraudulent services included the services set forth in Paragraph 46 above. In the email to MOSES and the other RHC board members, MCFADDEN stated that CCP was threatening legal action if the RHC did not immediately pay \$43,750.00 to CCP.

50. On or about December 23, 2015, MOSES sent an email to the other RHC board members in which he stated that the RHC should make the \$43,750.00 payment that day.

51. On or about December 24, 2015, the defendants caused the RHC to wire transfer \$43,750.00 from Rochester, New York to CCP in Washington, D.C., which represented the final installment payment under the terms of the RHC/CCP Contract.

52. On or about December 26, 2015, CCP wire transferred \$32,812.50 from Washington, D.C. to Caesar Development LLC in Rochester, New York, which represented seventy-five percent (75%) of the funds CCP received under the terms of the RHC/CCP Contract.

WIRE FRAUD/MONEY LAUNDERING

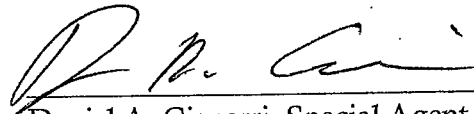
53. The wire transfers on or about August 3, 2015, and December 24, 2015, of \$43,750.00 from the RHA and the RHC in Rochester, New York to CCP in Washington, D.C., constitute wire fraud.

54. The wire transfer on or about December 26, 2015, of \$32,812.50 from CCP in Washington, D.C. to Caesar Development LLC in Rochester, New York, also constitutes wire fraud.

55. The transaction in paragraph 54 constitutes money laundering and conspiracy to commit money laundering because it was a monetary transaction in criminally derived property of a value greater than \$10,000.00. Once CCP received the funds from the RHA and the RHC, the funds constituted criminally derived property, that is, proceeds obtained from wire fraud.

CONCLUSION

56. Based on the foregoing, I respectfully submit that there is probable cause to believe that ADAM MCFADDEN and GEORGE MOSES did knowingly commit wire fraud, conspiracy to commit wire fraud, money laundering, and conspiracy to commit money laundering.


Daniel A. Ciavarri, Special Agent
Federal Bureau of Investigation

Sworn to before me this
22 day of February 2019.


HON. MARIAN W. PAYSON
United States Magistrate Judge